

REMARKS

Status of the Application

Claims 1-42 and 46-55 were pending in this application. With this amendment, Applicants have amended claims 1, 7, 11, 13, 16, 20, 23, 25, 34, 39, 46, and 49-51, and cancelled claim 12. The amendments to the claims are supported by the application as filed and therefore do not add new matter. Accordingly, entry of the amendments and the new claims is respectfully requested.

Applicants have amended the claims to recite particular embodiments that Applicants, in their business judgment, have determined to be commercially desirable at this time. The claim amendments have not been submitted for any reason relating to patentability, such as to overcome any one or more of the Examiner's rejections. Indeed, Applicants believe that the Examiner has not established a *prima facie* showing to support the Examiner's rejections and, as such, Applicants reserve the right to pursue the subject matter of the previously presented, and of the previously or currently cancelled claims in one or more continuing applications.

Claim Rejections – 35 U.S.C. § 101

Claims 39-40 were rejected under 35 U.S.C. § 101. The Examiner asserts that “the specification does not provide any evaluation steps, evaluation criteria or formula to show how this calculation is made and should be reproduced without guessing with regard to the step or steps of “calculating said price for said event outcome in accordance with available market information” in accordance with claim 39. Applicants disagree.

Paragraphs 60-61 disclose:

The system of the present invention preferably operates 24 hours/day, 7 days/week. This allows clients to wager at their convenience.

However, many of the existing markets upon which wagerable events may be based are operated at only certain times on certain days.

Clients interested in obtaining prices from those markets for specific current or future dates may not be able to get those prices either because the particular market is closed at the time of the inquiry or because that market did not quote prices for that specific date.

Advantageously, the system automatically calculates a value for the requested wager price for the requested date using established prices from known market dates and other market information. In particular, the system preferably calculates wager prices by correlating prices of different, but preferably related, markets where possible. This helps to forecast the direction of the closed market and thus determine a reasonable requested wager price. For example, if a client requests a price from the FTSE market, but that market is currently closed, the system may calculate a price based on a currently open market, such as, for example, the DJIA, and its correlation with the FTSE. Other data such as the placement of the most recent wagers and known carrying-costs (e.g., interest, dividends, commodity storage charges, etc.) are also preferably included in the calculation of unavailable wager prices.

The present application therefore teaches one skilled in the art to look to available market data, such as an open market where market information is available as a result, when confronted with a request to wager on an event outcome having a price that is not available in the event outcome's market, such as when the event outcomes' market is closed. The specification provides a specific example with the FTSE and DJIA markets and directs therewith one skilled in the art to calculate the price of the closed-market-FTSE wager based on its correlation with data from the open DJIA market. Thus, if based on historic or other data, the DJIA market fluctuates at a 1:1 ratio with the FTSE, one skilled in the art will be able to calculate the price for the FTSE based on the market data at the close of the FTSE and the market data from the open DJIA. The present disclosure therefore provides sufficient disclosure for one skilled in the art to practice the method of claim 39 with undue experimentation.

Claim Rejections – 35 U.S.C. § 112

Claims 23-25 and 39 were rejected as failing to comply with the enablement requirement under 35 U.S.C. § 112, second paragraph. Applicants respectfully traverse.

The Examiner asserts that “determining a second selection of wagerable event outcomes from said first selection in accordance with said client instructions” in claims 23-25 is not clear. Applicants disagree. Applicants direct the

Examiner to paragraph 35 of the publication of the present application. Paragraph 35 discloses “if the client has provided instructions customizing the selection of wagerable event outcomes … those wagerable event outcomes not in accordance with the client’s instructions are removed from the [first] selection of event outcomes.” Paragraph 34 discusses the first selection. It is clear therefore that the first selection is based on the wagering limits, the second selection is based on instruction from the client, and wagerable events that satisfy both the wagering limits and the instruction from the client are displayed for the client.

With regard to claim 39, the Examiner asserts “receiving a request from said client to wager on an event outcome, said event outcome being associated with a date and a market, wherein a price for said event outcome for said date is unavailable from said market”. Applicants direct the Examiner to paragraphs 60-61 of the present application, which describes calculating prices for market events at a date or time when market data is not available as discussed above in connection with the § 101 rejection.

Claim Rejections – 35 U.S.C. § 102

Claims 11-13 and 41 were rejected under 35 U.S.C. § 102(e) as being anticipated by U.S. Patent No. 6,508,710 (hereinafter “Paravia”). The Examiner’s rejections are respectfully traversed.

Claim 11

Applicants submit that Paravia does not disclose “determining a wagering limit for said client; selecting wagerable event outcomes on which said client is authorized to wager, each wagerable event outcome having a minimum required wager associated therewith, the client authorized to wager on the selected wagerable event outcomes based on the minimum required wager of the wagerable event outcomes not exceeding the wagering limit; [and] displaying to said client said selection of wagerable event outcomes” as recited in claim 11 as amended.

The Examiner appears to assert that Paravia discloses this aspect of claim 11 with reference to (col. 6, L56-65) and (col. 10, L64-67). Applicants disagree. Paravia does not disclose selecting from all of the available wagers those

that do not exceed the client's wagering limit. Rather, Paravia discusses allowing the player to browse all of the available games on the gaming system. (Col. 9, L21-23). If the player's balance does not support a requested wager, Paravia merely prompts the player to replenish his account. (Col. 11, L2-15). Paravia does not therefore disclose or otherwise suggest selecting and thereby limiting the wagerable event outcomes displayed for the client.

Claim 41

With regard to claim 41, Applicants submit that Paravia does not disclose "receiving from said client instructions defining a maximum amount said client desires to risk; ... and warning said client when said requested wager and other wagers of said client exceed said maximum amount." The Examiner asserts that Paravia discloses this aspect with reference to (col. 6, L60-65). Applicants disagree. At (col. 6, L60-65) Paravia discusses maximum wagers set by "an administrator" or another "individual authorized to set up or alter gaming server 104." Paravia further states at (col. 11, L64-67), "the system can establish minimum and maximum wagers depending on the desires of the administrator...". In contrast, claim 41 relates to a maximum amount defined in the instruction provided by the client. Paravia does not disclose or suggest authorizing the player to set up or alter the gaming server in this respect. As such, Paravia does not provide warnings when requested wagers exceed the maximum amount specified by the client.

Claim Rejections – 35 U.S.C. § 103

A. Claims 26-29, 42, and 52-55

Claims 26-29, 42, and 52-55 were rejected under 35 U.S.C. § 103(a) as being unpatentable over Paravia. The Examiner's rejections are respectfully traversed.

Claims 26

The Examiner admits with regard to claim 26 that Paravia does not disclose determining automatically an amount to hedge said wager based upon

predetermined criteria and hedging said wager in accordance with the determination. The Examiner however asserts that it is well known in the financial market to offset risk and that it would have been obvious to modify Paravia and include hedging to allow the wager to protect its wager from adverse price change. Applicants traverse the Examiner's taking of official notice and demand that the Examiner produce documentary evidence of the facts so noticed if the rejection is to be maintained.

Applicants submit that the Examiner's taking of official notice as a basis of forming an obvious type rejection is inappropriate under the substantial evidence standard of review. In a determination of obviousness, factual findings as to scope and content of the prior art, level of ordinary skill in the art, differences between the claimed invention and the prior art, and secondary considerations of nonobviousness must be supported by substantial evidence. *Novamedix Distrib. Ltd. v. Dickinson*, 175 F. Supp. 2d 8, 9 (D.D.C. 2001).

General conclusions about what it believed to be "basic knowledge and common sense [in the art] that is not based on any evidence in the record lacks substantial evidence support." *In re Zurko*, 258 F.3d 1379, 1385 (Fed Cir. 2001). "The [Examiner] cannot reach conclusions based upon his own assessment, understanding, or experience of what it considers to be basic knowledge or common sense", instead, "the [Examiner] must point to some concrete evidence in the record in support of these findings." *Id.* at 1386. See MPEP § 2144.03 (C).

Official notice may however be taken judiciously and in very limited circumstances. MPEP § 2144.03. For instance, official notice may be taken where facts asserted to be well known are "capable of such instant and unquestionable demonstration as to defy dispute." *In re Ahlert*, 424 F.2d 1088, 1091 (CCPA 1970). Similarly, official notice may be taken for facts that are of such notorious in character as to serve only to fill in the gaps that may exist in the evidentiary showing made by the Examiner. *In re Zurko*, 258 F.3d at 1386.

The material officially noticed by the Examiner in claim 26 is not capable of instant and unquestionable demonstration as to defy dispute nor is it of such notorious character as to serve only to fill in the gaps in the evidence of record. Indeed, Applicants submit that it is not well known to automatically hedge in a financial market.

Moreover, in order to establish a *prima facie* case of obviousness, there must be some suggestion or motivation, either in the references themselves or in the knowledge generally available to one of ordinary skill in the art, to modify the reference or to combine teachings, there must be a reasonable expectation of success, and the prior art references must teach or suggest all of the claim elements. (*In re Vaeck*, 947 F.2d 488, 493 (Fed. Cir. 1991)). Mere conclusory statements of the motivation to combine references are insufficient for the Examiner to establish a *prima facie* case of obviousness under the applicable substantial evidence standard. (*In re Lee*, 277 F.3d 1338, 1344 (Fed. Cir. 2002)).

As in *In re Lee*, the Examiner merely recites a conclusory statement regarding the motivation to combine Paravia with official notice without any objective evidence supporting the statements. Indeed, Applicants submit that the asserted motivation is flawed insofar as wagers are not subject to price change as in financial markets. Rather, wagers remain fixed once accepted. The Examiner has therefore failed to establish a *prima facie* case of obviousness and demand that the Examiner provide a reference for the proffered motivation if the rejection is to be maintained.

Claims 52 and 55

Applicants submit that Paravia fails to disclose “receiving a request from a client to wager on an event other than one of said selection of wagerable event outcomes” as recited in claims 52 and 55. The Examiner asserts that Paravia discloses this feature at (Figs. 2-3; col. 9, L24-50; and col. 10, L49-55). Applicants disagree. Paravia consistently discusses allowing the player to place wagers on “games currently available on the automated gaming system.” (Col. 9, L21-23). As such, Paravia merely discusses receiving requests to wager on those available on the system only. In contrast, claim 52 and 55 allows the client to place a wager on event outcomes that are not available with the original selection. “Two races or two games”, as recited by the Examiner, is not the same as wagering on an event outcome that is not originally available.

As such, Paravia does not disclose analyzing whether said requested event outcome should be offered as a wagerable event outcome; establishing price and

spread for said requested event outcome in response to a favorable analysis of said requested event; and adding said requested event outcome to said selection of wagerable event outcomes in response to said favorable analysis, as also recited in claim 52. Qualifying the client is not the same as analyzing whether said requested event outcome, which is not part of the original selection, should be offered as a wagerable event outcome.

Applicants further traverse the Examiner's takes official notice with regard to claims 52 and 55, and demand that the Examiner produce documentary evidence if the rejection is to be maintained insofar as the Examiner merely provides general conclusions of what is basic knowledge or common sense in the art as discussed above.

B. Claims 1-10, 16-22, 25, 34-38, and 50-51

Claims 1-10, 16-22, 25, 34-38, and 50-51 were rejected under 35 U.S.C. § 103(a) as being unpatentable over Paravia in view U.S. Patent No. 6,004,211 (hereinafter “Brenner”). The Examiner's rejections are respectfully traversed.

Claims 1, 7, 16, and 20

Claims 1 and 7 have been amended to recite “selecting a plurality of wagerable event outcomes in accordance with said qualifying, the client qualified to participate in wagering on the selected plurality of wagerable event outcomes based on a minimum required wager associated with each of the plurality of the selected wagerable event outcomes not exceeding a client's wagering limit.” As discussed above in connection with claim 11, Pravia does not disclose or otherwise suggest this aspect of claims 1 and 7, nor is the feature disclosed or suggested by Brenner. Claims 16 and 20 have been similarly been amended and are therefore patentable over Paravia and Brenner for the same reason.

Moreover, the Examiner merely provides conclusory statements for the motivation to combine Pravia and Brenner. Applicants demand that the Examiner provide objective evidence sufficient to satisfy the substantial evidence standard for the proffered motivation if the rejection is to be maintained.

Claim 25

Claim 25 recites “determining whether said displayed price of said event outcome is the same as the current price of said event outcome” and ‘notifying said client if said current price is different from said displayed price”. The Examiner contends that Paravia (col. 9, 42-59) and Brenner (Fig. 36; col. 23, L3-55; col. 9, L43-50; col. 8, L55 to col. 9, L5), respectively. Applicants disagree. At (col. 9, 42-59)

Paravia discusses “in accepting the wager, the automated gaming system updates other information in the system, … including the pay off, moving line, recalculating maximum exposure of the system, and updating player information.” Thus, Paravia is updating system information to reflect the player’s accept wager, which is not the same as determining whether the displayed price, i.e., the price of the wager request from the client, is the same as the then current price associated with the event outcome of the bet request, in accordance with claim 25.

With regard to Brenner, there does not appear to be any discussion in the broad citation proffered by the Examiner (Fig. 36; col. 23, L3-55; col. 9, L43-50; col. 8, L55 to col. 9, L5) that can reasonably be interpreted to disclose “notifying said client if said current price is different from said price”. In this respect, the Examiner has not articulated the rejection clear enough for a meaningful reply. Applicants request that the Examiner cite Brenner with greater specificity if the rejection is to be maintained.

Applicants further contend that the Examiner’s proffered motivation to combine Pravia and Brenner is based solely on a flawed conclusory statement. Applicants demand that the Examiner provide objective evidence for the motivation to combine Pravia and Brenner if the rejection is to be maintained.

Claim 34

Applicants submit that the Examiner stated motivation to combine Pravia and Brenner with regard to claim 34 is merely a conclusory statement that fails under the substantial evidence standard. Applicants demand that the Examiner provide objective evidence for the proffered motivation if the rejection is to be maintained.

Claims 50 and 51

The Examiner asserts that “issuing a card to a client, said card encoded with identification information and financial information associated with said client” is well known in the art, arguing “the client is identified by his account number coded on the credit card.” Applicants disagree. The Examiner appears to ignore the features of claim 50 and 51 which specify that the card issued to the client is encoded with financial information, which information is updated on the card to reflect accepted wagers. Applicants therefore traverse the Examiner’s taking of official notice and demand that the Examiner produce documentary evidence if the rejection is to be maintained.

C. Claims 30-33

Claims 30-33 were rejected under 35 U.S.C. § 103(a) as being unpatentable over Paravia in view of Fischer (“Security Analysis and Portfolio Management”, fifth Edition; 1991, Prentice Hall, Englewood Cliffs, NJ 07632). The Examiner’s rejections are respectfully traversed.

Claim 30

Claim 30 recites similar features as claim 26 and is patentable over the cited references for at least the same reasons discussed above. That is, the cited references fail to disclose or suggest automatic hedging. Applicants further assert that the stated motivation to combine Paravia and Fischer is merely a conclusory statement and demand that the Examiner provide objective evidence for the motivation to combine the references if the rejection is to be maintained.

D. Claims 46 and 49

Claims 46 and 49 were rejected under 35 U.S.C. § 103(a) as being unpatentable over Paravia in view of U.S. Patent No. 6,126,543 (hereinafter “Friedman”). The Examiner’s rejections are respectfully traversed.

Claims 46 and 49

With regard to claims 46 and 49, Paravia does not disclose “receiving from said client instructions defining a wagering limit [or a loss limit]; … and notifying said client when said total wagering amount exceeds said wagering limit [or when said total loss exceeds said loss limit]”, respectively. As discussed above in connection with 41, Paravia discusses maximum wagers set by “an administrator” or another “individual authorized to set up or alter gaming server 104.” (Col. 6, L60-65). Paravia does not disclose or suggest any client specified wagering limits.

Applicants further assert that the stated motivation to combine Paravia and Friedman is merely a conclusory statement and demand that the Examiner provide objective evidence for the motivation to combine references if the rejection is to be maintained.

D. Claims 47-48

Claims 47-48 were rejected under 35 U.S.C. § 103(a) as being unpatentable over Paravia in view of Friedman and U.S. Patent Pub. No. 2002/0049975 (hereinafter “Thomas”). The Examiner’s rejections are respectfully traversed.

Claim 47

Claim 47 recites “displaying to said client a second display comprising a non-wagering environment when said total wagering amount exceeds a predetermined wagering limit”. The Examiner asserts that this feature is disclosed by Thomas with reference to paragraphs 177-190. Applicants disagree. First, Thomas ends its paragraph numbering at paragraph 188. Second, although Thomas may discuss multiple displays, there is no recitation in Thomas that the second display be displayed when the total wagering amount exceeds a predetermined amount. Applicants request that the Examiner cite to Thomas with greater specificity if the rejection is to be maintained. Applicants further assert that the stated motivation to combine Paravia and Thomas is merely a conclusory statement and demand that the Examiner provide documentation for the motivation to combine references if the rejection is to be maintained.

Dependent Claims

Dependent claims 2, 4-8, 10, 15-24, and 39-43 are patentable for additional reasons. While deemed unnecessary to argue these additional reasons at this time, given the arguments presented above, Applicants reserve the right to present such argument, including the interpretation of any terms of the claims, should it become necessary or desirable to do so.

The Examiner has further taken official notice in many of the dependent claims, including claims 42, 35-38, and 53-54. Applicants submit that the features of these and any other claims in which the Examiner relies on official notice in so rejecting are not well-known at the time of the filing of the present application. Applicants traverse the Examiner's taking of official notice and demand that the Examiner produce documentary evidence to support his position if the rejections are to be maintained.

Conclusion

For the above reasons, Applicants submit that the claimed methods are patentable over the references cited by the Examiner. Reconsideration and allowance of the pending claims are respectfully solicited.

The Examiner is invited to contact the Applicants' undersigned representative at 212-829-5407 to expedite prosecution.

Respectfully submitted,

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Date

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